

BUSINESS PLAN

FOR

WAYS IMPEX CO. LIMITED

(TRANSPORTATION PROJECT)

PREPARED FOR

WAYS IMPEX CO. LIMITED.

Dar es Salaam

1.0. EXECUTIVE SUMMARY.

WAYS IMPEX CO. LIMITED. is a company registered in the country under the Companies Act 2002 and bears Certificate of Incorporation No. 137012 issued on 9th August 2017

The project promoters are well established business in Tanzania majoring in Logistics and Transportation and the like. Having been in the business for 10 years the directors are now well prepared for establishment and operating large transportation and logistics project and they see a very bright future in the transport sector.

This document has been prepared to serve as a business plan for guidance for **WAYS IMPEX CO. LIMITED** for the transport and logistics project. The implementation of this project will comprise of the following activities: -

- The purchase of 4 trucks,
- The purchase 1 pickup for road patrol
- Equipping the company with relevant facilities

The proposed project on completion is estimated to cost about **US\$ 500,000**. The **US\$500,000** of this investment owner's equity and cash generated from business.

WAYS IMPEX COMPANY LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	10,000.00
Machinery & Equipment	30,000.00
Motor Vehicles	400,000.00
Furniture & Fixtures	2,000.00
Pre exp	5,000.00
Others	3,000.00
Working Capital	50,000.00
TOTAL	500,000.00

1.1 THE PROJECT PROMOTERS

The shareholders of this project are all entrepreneurs with a diverse professional and business backgrounds. The company is owned by 3 shareholders, namely: -

Name	Shares %	Nationality	Date of Birth
Mussa Yohana Shabani P. O. Box 75667 Dar es Salaam, Tanzania	30	Tanzania	05 th May 1986

Tel:+2556736622835 Email;shabani.maulid@gmail.cm			
Kuyela Juma Maulidi P. O. Box 75667 Dar es Salaam, Tanzania Tel:+2556736622835 Email;kuyelajuma@gmail.cm	50	Tanzania	14 th April 1996
Maulidi Juma Maulidi P. O. Box 75667 Dar es Salaam, Tanzania Tel;maulidmwanelele@gmail.com Tel:+2556736622835	20	Tanzania	02July 1994

1.2 Location.

The project head office will be located at Plot No.15, Block A, House No. 23 along Mandela Road Road , DAR ES Salaam , Tanzania.

1.3 Targeted Markets.

The targeted markets of the project are land locked neighboring countries such as DRC, Rwanda; Burundi etc. the directors already negotiated contracts with various companies in the mentioned countries.

Poor transport and communication infrastructure are said to be the major causes of low levels of intraregional trade in Africa. It is in view of this that, despite poor road infrastructure linking these countries that **WAYS IMPEX CO. LIMITED** has resolved to invest in the transport sector so as to provide a solution that would lead to stimulating the said intraregional trade. The project is expected to offer a challenge to the business community to enhance intraregional trade between Tanzania and these countries.

Why land locked countries prefer to use Dar es Salaam Port

- **Strategic location**

Dar es Salaam port is the most preferable seaport due to its strategic positioning; it is more convenient, secure, quick and easy to be used by neighboring countries

- **Easy connection world wide**

Dar es Salaam Port is gateway to the world, the port has capacity and ability to transport any cargo

- **Productivity**

Now it is renowned for its security, efficient and reliability using most modern technology.

In 2018 international Container Terminal Services limited handled 500,000 containers about 45% of cargoes were transit to land locked countries. This is good news for WAYS IMPEX CO. LIMITED which is planning to embark in the transportation and logistics businesses

2.0 PROJECT DETAILS

2.1 INTRODUCTION

Tanzania is the largest country in East Africa that is geographically strategically located in relation to her neighbors. Because of the above-mentioned factor, the country's transportation system is also used to serve landlocked neighbors, i.e. countries of Uganda, Rwanda, Burundi, Eastern D. R. of Congo, Northern parts of Zambia, Malawi and some northern parts of Mozambique.

The transport sector plays a critical role in the social and economic development of a country. Transport provides links between centers of production and those of

consumption, markets, in the economic sectors such as agriculture, industry mining and tourism. It facilitates the flow of goods and people along the import/export corridors that link the coastal ports and landlocked countries. Transport equally provides access to employment, health, education, recreation and other services. Therefore, one is rightly justified to conclude that "without a good transportation system the development of a country is impossible. What roads and railways are to a country's development is lie what the blood system is to the human body'

It is quite gratifying to note that the Government of Tanzania realizes the role of the transport sector for its economic and social development, and as a result has developed a Transport Sector Programme which will be very instrumental in improving the business and investment environmental in the transport sector.

It is alleged that poor transport and communication infrastructure are the major causes of low levels of intraregional trade in Eastern Africa. It is in view of this

that, despite this poor infrastructure, **WAYS IMPEX CO . LIMITED**. has resolved to assist to provide a solution to stimulate the said intraregional trade and domestic market in particular.

In summary, we can say that **WAYS IMPEX CO. LIMITED** has a major objective the following: -

- To promote trade between Tanzania and her neighbors
- To procure foreign currency for the country in the course of its business transactions.
- To provide extra employment to more people in the sector.

3.0 THE PROJECT

The project's objective is to purchase a total of 4 trucks.

This study is based on the 4 trucks and. Some of selected items cost highlighted below

- One truck to cost US\$ 100,000
- Pick Up US\$ 50,000
- Communication sets radio US\$ 30,000

- Expected revenue for each vehicle round trip US\$ 7,000 for 3 trip per month for 10 months per year days
- 360 tons to be transported annually
- 60 days to be used for vehicle maintenance and service and unforeseen event

Full scale operations the 4 trucks are expected to be purchased, their destinations being Tanzania's landlocked neighboring countries of Malawi, Zambia, Burundi, Rwanda the Democratic Republic of Congo, etc.

3.1 PROJECT SPONSORS

WAYS IMPEX CO. LIMITED is owned by two individuals, all of whom are Tanzanians. **WAYS IMPEX CO . LIMITED** shareholders have an adequate experience in running the business of motor vehicles as such is well versed in transportation business.

4.0 INVESTMENT AND FINANCING US\$ 1,150,000

For the project to be a reality a total investment amounting to US\$500,000 is needed to finance the project

WAYS IMPEX CO . LIMITED PROPOSED FINANCING PATTERN US\$

FOREIGN LOAN	LOCAL LOAN	LOCAL EQUITY
NIL	NIL	500,000

5.0 FINANCING PATTERN

The financing pattern being considered is that involving the purchase of 4 trucks. The project will be financed both by equity and cash generated from business.

6.0 IMPLEMENTATION

Project implementation is expected to be relatively very short once TIC approval is received. Currently, the supplier of the trucks has already been identified and supply is awaiting word from the project promoters.

7.0 MANPOWER AND ORGANIZATION STRUCTURE

The project will be managed by a Board of Directors of **WAYS IMPEX COMPANY LIMITED**. The Board, like all other boards is responsible for the formulation and supervision of company policies and guidelines. The

project's day to day operations will be under the supervision of Managing Director

The project's employee requirement is estimated to be 18 people in number, as shown below: -

MAN POWER REQUIREMENT

	CATEGORY	NO
	Salaries & Wages	
1	Drivers	4
2	Others	2
3	Mechanics Experts	2
4	Mechanics Normal	1
6	Accountant/Manager	1
8	Manager Transport and Logistics	1
	SUB TOTAL	11

Employees Distribution Summary

Employment	Foreign Skilled	Local Skilled	Local Unskilled	Total
Women	0	1	2	3
Men	0	6	2	8
TOTAL	0	7	7	11

To ensure timely delivery of consignments, provision of goods service to customers, Management will provide on the job training in the field of motor vehicle maintenance and will provide bonus and other incentives as a means of instilling and boosting employee work morale.

NB assumption is that the project is fully implemented

8.0 PROJECT OPERATING COSTS

In order to realize its intended objective, the project will have to meet operating costs estimated to be 65% of total revenue.

9.0 MARKET AND MARKETING

The project's earmarked clientele is in the land locked neighboring countries of Malawi, Zambia, Democratic Republic of Congo, Burundi, Rwanda and even Uganda. Management has already explored these markets and is confident it can conduct profitable business.

The project management plans for all vehicles several trips per month. The number of trips and the cost of trip are determined by both the trip's destination and nature of

road involved. All in all, a total of **one truck will conduct 3 trips** per month carrying 30 tons per trip.

The routes are priced according to distance and the status of the road in question. It has however been conservatively assumed that all foreign destinations will have a flat rate charge of **US\$ 4,000 for trip**.

10.0 REVENUE ASSUMPTIONS

- The company expecting to have 4 trucks and trailers each makes 3 trips per month. Each trip will generate revenue of **US\$ 4,000**.
- Trucks and trailers to be purchased in the phases
- Project calculation based on 8 years
- Each trip to carry 30 tons
- Each vehicle to make 3 trip per month

The combined revenue and expenditure from all the planned routes, in the 1st year up to 8th year are indicated above.

The number of trips assumed here, is just a conservative estimate. With the expected improvement of the roads and

in general operations coupled with the driver's gaining experience in long distance travels, the number of trips per truck will be raised. This will have a tremendous impact on the Company's expenditure and earnings.

11.0 FINANCIAL ASPECTS FOR THE PROJECT

(i) Projected Profit and Loss Statement

The attached Appendix I shows the projected income for the 8years period. The position depicted is that the project earns profit throughout its life. Accumulated after tax profits grow from. **US\$88,270** in the 1st year to **US\$ 1,110,220** in the 8th year

(ii) Projected Cash Flows

The project's cash flows are shown in Appendix II. They depict a good liquid position right from the first year. Cash accumulation builds up from **US\$ 110,000** in the first year to **US\$ 1,457,229** at the end of 8th years of the project's operations based on the 8trucks and trailers obtained.

(iii) Projected Balance Sheet

The project's assets cash flows are shown in Appendix III. Owners equity grow from **US\$500,000** in the first year to **US\$ 5,586,029** at the end of 8th years of the project's operations based

(iv) Payback Period

PAYBACK PERIOD: US\$

Total investment is US\$US\$500,000 cash accumulation in 4th year US\$596,062 which is more than the initial investment by US\$96,062 the project payback Period is exactly 4 years.

The project has a relatively short payback period. It is remarkably impressing for a project whose investment is as big as US\$ 500,000 being recovered within 4 years.

12.0 ECONOMIC ASPECTS OF THE PROJECTS

Besides the financial/monetary returns to the owners, there are other benefits to be derived for the whole country viz.

(i) Employment Opportunities

Employment and poverty reduction are among the major concern of the Central and the Local Government authorities. It is gratifying to note that **WAYS IMPEX COMPANY LIMITED** is going to provide additional employment to 11 people all of whom will be nationals. This is a significant contribution coming from local investors.

(ii) Revenue to the Government

The Project is expected to pay a substantial annual amount in the form of corporation tax and other taxes

(iii) Foreign Exchange Earning

Since the project's clientele is mostly towards neighboring countries the project will thus earn foreign currency for the United Republic of Tanzania. Out of all project expected cargo overhauling transactions will be settled in foreign currencies. In this study we have assumed that the project will be paid in foreign currency

13.0 CONCLUSION AND RECOMMENDATION

13.1 Conclusion

- (i) The project is profitable and contributes to government revenue by way of taxes.
- (ii) The project provides employment to 11 people all of whom are national Tanzanians.
- (iii) The project is an encouraging sign to prove that we have local investors who have confidence in their country. Tanzania so much so that they are ready to invest such large sums of investment despite the odds of the sector in question.

14.0 RECOMMENDATION

After the foregoing economic and financial evaluation of the project, we strongly recommend that this project be implemented and be given all the support required by all the concerned Government Ministries and Agencies, including the Tanzania Revenue Authority, TRA and the Tanzania Investment Centre - (TIC). The project deserves this support because of its viability, since it is technically feasible, economically viable and socially acceptable.

APPENDIX I

WAYS IMPEX COMPANY LIMITED PROJECTED PROFIT AND LOSS STATEMENT US\$

	1	2	3	4	5	6	7	8
Revenue	480,000	528,000	580,800	638,880	702,768	773,045	850,349	935,384
Operating costs	312,000	343,200	377,520	415,272	456,799	502,479	552,727	608,000
Profit before Depreciation &Interest	168,000	184,800	203,280	223,608	245,969	270,566	297,622	327,384
Depreciation	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900
Net Profit	126,100	142,900	161,380	181,708	204,069	228,666	255,722	285,484
Tax (30%)	37,830	42,870	48,414	54,512	61,221	68,600	76,717	85,645
Profit After Tax	88,270	100,030	112,966	127,196	142,848	160,066	179,006	199,839
Accumulated Profit	88,270	188,300	301,266	428,462	571,310	731,376	910,381	1,110,220

WAYS IMPEX CO. LIMITED PROJECTED CASH FLOWS US\$

	-	1	2	3	4	5	6	7	8
SOURCES:									
Profit before interest and depreciation	-	168,000	184,800	203,280	223,608	245,969	270,566	297,622	327,384
Equity	500,000	-	-	-	-	-	-	-	-
Total Sources	500,000	168,000	184,800	203,280	223,608	245,969	270,566	297,622	327,384
Applications:									
Capital expenditure	442,000	-	-	-	-	-	-		
working Capital & Others	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000
Cash	-	110,000	126,800	145,280	165,608	187,969	212,566	239,622	269,384
Tax	-	37,830	42,870	48,414	54,512	61,221	68,600	76,717	85,645
Sub total	500,000	168,000	184,800	203,280	223,608	245,969	270,566	297,622	327,384
Total applications	500,000	168,000	184,800	203,280	223,608	245,969	270,566	297,622	327,384
Accumulated cash		110,000	236,800	382,080	547,688	735,657	948,223	1,187,845	1,457,229

APPENDIX III

WAYS IMPEX CO. LIMITED PROJECTED BALANCE SHEET US\$

	-	1	2	3	4	5	6	7	8
Fixed Assets	-								
Opening balance	-	442,000	420,100	408,200	366,300	339,400	297,500	255,600	213,700
Total Long-term Assets	-	442,000	420,100	408,200	366,300	339,400	297,500	255,600	213,700
Less depreciation	-	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900
Working capital	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000	58,000
Accumulated cash	-	110,000	236,800	382,080	547,688	735,657	948,223	1,187,845	1,457,229
Total assets	58,000	168,000	294,800	440,080	605,688	793,657	1,006,223	1,245,845	1,515,229
Financed by									
Equity	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Net profit	-	126,100	142,900	161,380	181,708	204,069	228,666	255,722	285,484
Total equity	500,000	626,100	1,269,000	1,930,380	2,612,088	3,316,157	4,044,823	4,800,545	5,586,029
Total equity and debts	500,000	626,100	1,269,000	1,930,380	2,612,088	3,316,157	4,044,823	4,800,545	5,586,029

WAYS IMPEX CO. LIMITED PROJECTED PAYBACK PERIOD

Year	Profit After Tax	Depreciation	Total Cash Flow	Accumulated Cash Flow
1	88,270	41,900	130,170.00	130,170.00
2	100,030	41,900	141,930.00	272,100.00
3	112,966	41,900	154,866.00	426,966.00
4	127,196	41,900	169,096.00	596,062.00
5	142,848	41,900	184,748.00	780,810.00
6	160,066	41,900	201,966.00	982,776.00

WAYS IMPEX COMPANY LIMITED PROPOSED FINANCING PATTERN US\$

FOREIGN LOAN	LOCAL LOAN	LOCAL EQUITY
NIL	NIL	500,000

WAYS IMPEX COMPAY LIMITED COST STRUCTURE

PARTICULAR	US\$
Land and Buildings	10,000.00
Machinery & Equipment	30,000.00
Motor Vehicles	400,000.00
Furniture & Fixtures	2,000.00
Pre exp	5,000.00
Others	3,000.00
Working Capital	50,000.00
TOTAL	500,000.00

WAYS IMPEX COMPANY LIMITED FIXED ASSETS US\$

NAME OF ASSETS	1	2	3	4	5	6	7	8
Land And Buildings	10,000	9,800	9,600	9,400	9,200	9,000	8,800	8,600
Machinery, Tools & Equipment	30,000	28,500	27,000	25,500	24,000	22,500	21,000	19,500
Motor Vehicles	400,000	380,000	370,000	330,000	305,000	265,000	225,000	185,000
Furniture & Fixtures	2,000	1,800	1,600	1,400	1,200	1,000	800	600
Total	442,000	420,100	408,200	366,300	339,400	297,500	255,600	213,700
DEPRECIATION	1	2	3	4	5	6	7	8
Land and buildings	200	200	200	200	200	200	200	200
Machinery tools & Equipment	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Motor Vehicles	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Furniture & Fixtures	200	200	200	200	200	200	200	200
ANNUAL DEPRECIATION	41,900	41,900	41,900	41,900	41,900	41,900	41,900	41,900

PROJECT IMPLEMENTATION SCHEDULE

It is expected that the Project will be take 15 months to implement as shown below: -

	ACTIVITY	PERIOD
1.	Processing TIC Certificate of Incentive	March 2020
2.	Funds Mobilization	April - June 2020
3.	Ordering of Vehicles	April- Dec 2023
5.	Arrival of Vehicles	June 2020- Jan 2023
6.	Trial Operations	July 2020
7.	Commercial Operations	August 2020

